PROVINCE OF SASKATCHEWAN

10-11

ANNUAL REPORT

MINISTRY OF AGRICULTURE

Individual Cattle Feeder Loan
Guarantee Provincial
Assurance Fund

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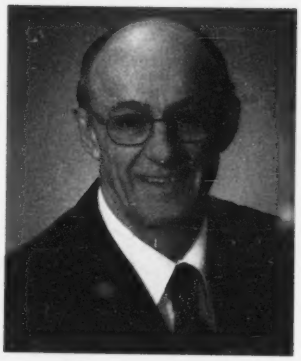
This annual report is also available in electronic format from the Ministry's website at **www.agriculture.gov.sk.ca**.

Letter of Transmittal



His Honour the Honourable Dr. Gordon L. Barnhart, S.O.M., Ph.D
Lieutenant Governor of Saskatchewan

May it Please Your Honour:

I respectfully submit the Annual Report of the Individual Cattle Feeder Loan Guarantee Provincial Assurance Fund for the fiscal year ending March 31, 2011.

Respectfully submitted,

Bob Bjornerud
Minister of Agriculture

Individual Cattle Feeder Livestock Loan Guarantee Provincial Assurance Fund

Introduction

This is the fourth annual report of the Individual Cattle Feeder Livestock Loan Guarantee Provincial Assurance Fund.

This fund was established under the Individual Cattle Feeder Loan Guarantee Program, which provides producers with a financing option for the purchase of feeder cattle, up to a maximum loan of $3 million.

Each producer borrows money on the strength of his/her business, with support from his/her individual assurance fund, a provincial assurance fund, and a government guarantee to the lender.

The producer uses the funds to purchase feeder heifers and steers to be fed and cared for at his/her feedlot facility.

Each producer is required to deposit 0.5 per cent of the value of his/her loans into the provincial assurance fund. This deposit is refundable and reusable.

The provincial assurance fund is then available for lenders to make a claim to offset any shortfalls that may occur after all the livestock have been sold and the producer's assurance fund has been applied.

All producers approved under the Individual Cattle Feeder Livestock Loan Guarantee Program must purchase a membership in the Provincial Feeder Co-operative Ltd., which provides centralized administrative services to producers participating in the program.

The Provincial Feeder Co-operative Ltd. elects a board of directors who are responsible for the financial management of the co-operative.

Management Report

A total of $3 million in loans was approved under the Individual Cattle Feeder Loan Guarantee Regulations in 2010-2011. Producer advances totalled $241,805 with deposits of $1,209 into the provincial assurance fund.

The provincial assurance fund deposits are held in the General Revenue Fund and may be invested in any security or class of securities authorized for investment pursuant to *The Financial Administration Act.*

INDIVIDUAL CATTLE FEEDER LOAN GUARANTEE PROVINCIAL ASSURANCE FUND

FINANCIAL STATEMENTS

March 31, 2011

SASKATCHEWAN

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INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of the Individual Cattle Feeder Loan Guarantee Provincial Assurance Fund (Fund), which comprise the statement of financial position as at March 31, 2011, and the statement of revenues, expenses, and net financial assets for the year then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Public Sector Accounting Standards for Treasury Board's approval, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

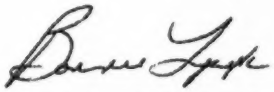
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2011, and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.



Regina, Saskatchewan
June 3, 2011

Bonnie Lysyk, MBA, CA•CIA
Provincial Auditor

Statement 1

INDIVIDUAL CATTLE FEEDER LOAN GUARANTEE
PROVINCIAL ASSURANCE FUND
STATEMENT OF FINANCIAL POSITION
As at March 31

	2011	2010
Financial Assets:		
Due from General Revenue Fund (Note 3)	$ 11,658	$ 11,587
Accrued interest receivable	31	8
Net financial assets (Statement 2)	$ 11,689	$ 11,595

(See accompanying notes to the financial statements)

Statement 2

INDIVIDUAL CATTLE FEEDER LOAN GUARANTEE PROVINCIAL ASSURANCE FUND
STATEMENT OF REVENUES, EXPENSES AND NET FINANCIAL ASSETS
For the year ended March 31

	2011	2010
Revenues		
Interest revenue	94	31
Surplus for the year	94	31
Net financial assets, beginning of year	11,595	11,564
Net financial assets, end of year - to Statement 1	$ 11,689	$ 11,595

(See accompanying notes to the financial statements)

INDIVIDUAL CATTLE FEEDER LOAN GUARANTEE
PROVINCIAL ASSURANCE FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2011

1. Authority and Definition

The Individual Cattle Feeder Loan Guarantee Provincial Assurance Fund (Fund) was established effective October 3, 2003 pursuant to subsection 13(1) of *The Individual Cattle Feeder Loan Guarantee Regulations* under *The Farm Financial Stability Act*. The Fund commenced operations on November 20, 2006. The purpose of the Fund is to share the risk of Individual Cattle Feeder Loan Guarantees by collecting fees from producers who access the program and to use the revenue to offset loan guarantee payouts. Each time a producer receives an advance pursuant to a guaranteed loan, the producer deposits a refundable amount equal to 0.5% of that advance in the Fund.

2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian public sector accounting standards appropriate for other government organizations. The following accounting policy is considered significant:

a) Revenues:

Participant fees are recognized as revenue when an Individual Cattle Feeder Loan is guaranteed by the Minister of Finance and funds have been advanced to a producer pursuant to the guaranteed loan.

Interest income is recognized as revenue when earned.

3. Due From General Revenue Fund

The Fund's money is held in the General Revenue Fund. Interest is calculated and paid by the General Revenue Fund on a quarterly basis using the Government's thirty-day borrowing rate and the Fund's daily balance. The Government's average thirty-day borrowing rate for 2010-11 was 0.80% (2009-10 was 0.27%).

4. Net Financial Assets

The net assets represent fees received from participants in the program and are available to offset the cost of any loan guarantee payouts made under section 63.3 of *The Farm Financial Stability Act*.

5. Statement of Cash Flows

A cash flow statement has not been provided as the cash flow information is readily apparent from the other financial statements.

6. Related Party Transactions

All Government of Saskatchewan agencies such as ministries, corporations, boards and commissions are related to the Fund since they are all controlled by the Government. These financial statements include transactions with other Government agencies.

The Fund earned interest income of $94 during 2010-11 (2009-10 was $31) on monies deposited in the General Revenue Fund. At year end, the Fund had monies deposited in the General Revenue Fund totalling $11,658 (2009-10 was $11,587).

The Fund has not been charged with any administrative costs and no provision for such costs is reflected in these statements. These costs are borne by the Ministry of Agriculture.